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23 September 1970

MEMORANDUM FOR THE RECORD

SUBJECT

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Many leaders of the PDC have attempted to negotiate with Allende forces to exact conditions in return for their votes in the election to be held on 24 October. On 13 September Allende himself, however, stated that although he was disposed to talk with the Christian Democrats, all guarantees they might request had already been incorporated in the program of Unidad Popular (UP). Many Christian Democrats continue to hope, nonetheless, that they can strike a favorable bargain with the UP.

As part of its effort to assure Allende's election in Congress, the UP (particularly the PCCh) has moved swiftly to take over information media to prevent the dissemination of opposition views and factual news. A campaign on behalf of the UP, headed by Jorge Inzunza, a PCCh deputy and journalist, has used intimidation against newspapers in Santiago. Ligeia Balladares, another PCCh journalist, has been carrying out a similar task in the provinces. Owners of large, non-leftist newspapers, Augustin Edwards, owner of El Mercurio, and German Pico Canas, of La Tercera, have been threatened with assassination. The Southern Press Chain (SOPELUR) is selling its newspaper plants in six major cities, including Santiago.

TV Channel 9 and the radio station of the State Technical University (UTE) have been taken over by the PCCh. They are being operated by workers and students and armed Communist patrol the campus of the UTE.

The Communists are active in other ways as well. Throughout the country the some 3,000 election campaign committees of the UP (largely dominated by the PCCh), instead of being disbanded, have expanded their role into local government. Having been called the "new Chilean Soviets," these committees are combining both blandishments and intimidation in their contacts with local officials in an attempt to place UP members and sympathizers in the machinery of local government prior to the election of 24 October.

In the week following the 4 September election there was a run on Chilean banks. Credit became tight as more and more businessmen demanded cash payments. The financial situation threatened to

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get completely out of hand. The Central Bank responded by increasing the money supply and the printing presses were put on a three-shift basis. Financial panic was averted. On the other hand, the U.S. Embassy has been unable to process all the visa requests submitted by Chileans who want to leave the country and certain Chileans in Argentina have even approached Argentine authorities with a request to help establish a refugee center in Mendoza, across the border from Chile.

Active in still another direction, the Left has tried to obtain support within the armed forces or at least to divide them. Representatives of Allende had met with General Roberto Viaux, leader of the "Tacnazo" rebellion of October 1969. Although retired, General Viaux has extensive support among non-coms and younger officers. After meeting with the UP, however, General Viaux declared publicly that he had never been a Marxist and would do nothing to divide the armed forces. President Frei, himself, said that the statement was of the greatest importance; the armed forces realize now that they are struggling for institutional survival.

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